



National Conference of CPA Practitioners

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IRS AGENDA

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ABATEMENT OF PENALTIES/ACCOUNT FREEZE

ISSUE:

A taxpayer may receive a notice from the IRS indicating a balance due. The taxpayer may contact the tax preparer who, upon review of the notice and the tax return, may determine that the balance due may be correct. In addition to the balance due, there are additional charges for penalties and interest. The preparer can request that the taxpayer make the payment for the tax due, along with the interest, but not the payment for the penalty. Instead, the taxpayer may send correspondence to the IRS with the payment requesting that the penalty charges be abated.

BACKGROUND:

Currently, when the IRS sends out a notice of a payment due, it is entered in one or more of the IRS computer systems. With the reduction in IRS personnel, it takes longer for the Service to respond to correspondence. If the client's representative calls the IRS directly to discuss the matter, they are usually able to get a freeze on the account while the matter is being reviewed. This does not apply when a written request is made. In many cases, once the payment of the balance is made, it is entered into the system as paid in full. Once the payment has been made, the account is considered closed.

Unless IRS personnel go into that system to indicate the amount is paid in full, the IRS computer will automatically send notices indicating any remaining balances due and adding additional interest charges. This will occur despite the fact that the IRS has not responded to the abatement request.

RECOMMENDATION:

Whether the taxpayer or their representative responds to an IRS notice, either by phone or by correspondence, the receipt of such contact should immediately be entered into the system, thereby putting a "hold" or "freeze" on the account so that no additional interest is being charged to the taxpayer. If the Service determines that they will not agree to the abatement request, they would then inform the taxpayer of the determination, and give them opportunity to pay the remaining balance with no additional charges assessed.

IRS NEEDS TO IMPLEMENT FIRM PTIN

ISSUE:

As a means to safeguard the Personal Information (PI) of the preparer, the IRS implemented the Preparer Tax ID Number (PTIN). Starting with the 2000 filing season, preparers were given the option of using either their SSNs or PTINs. The usage of a PTIN became a requirement in 2010. However, there is no similar PTIN protection for Preparer Firm Information.

BACKGROUND:

While the preparers are protected, the firms of these preparers are not. The preparer firms are still required to insert the EIN on all returns prepared. Given the current environment of ID Theft and the dramatic increase in preparer firms being breached and having fraudulent tax and employment returns filed, the preparer firms also need protection. Firms are already required to obtain an electronic filing ID number (EFIN), but this number does not require any annual renewal.

RECOMMENDATION:

The IRS should implement a Firm Tax ID Number (FTIN) program similar to the PTIN to be renewed annually. The firm would be able to verify the number of returns prepared in a similar fashion to both the PTIN and EFIN. We feel that given the different nature of the EFIN, simply using this number would not be advisable. This would also be a benefit to the privacy and security of the firm information.

PRACTITIONERS WANT DIRECTION FROM NEW COMMISSIONER

ISSUE:

The Acting Commissioner David J. Kautter of the Internal Revenue Service needs to issue a range of upcoming tax administration issues.

BACKGROUND:

New and incoming Commissioners traditionally issue statements indicating their upcoming objectives to improve the quality of service to the public and the tax professional community. These statements are issued annually by sitting commissioners. This provides guidance to the tax preparers of probable upcoming actions of the Service. The tax professional community can then plan early for possible upcoming administrative changes.

RECOMMENDATION:

NCCPAP recommends, as part of open dialogue with the tax professional community, an early indication of planned changes and modifications of administrative issues and procedures within the Service.